

# MAINE LENDER NEWS

August 2008

## INSIDE THIS ISSUE:

<i>Rural Lender Advantage</i>	1
<i>Patriot Express</i>	1
<i>SOP 50-10</i>	2
<i>SOP 50-51</i>	2
<i>Loan Purchase</i>	2
<i>Ready Talk</i>	3
<i>Economic Depreciation</i>	3
<i>Online Finance</i>	3
<i>Lender Stats</i>	4



Helping small businesses  
**start, grow and succeed.**



Your Small Business Resource

## NEW RURAL LENDER ADVANTAGE COMING AUGUST 1ST

The SBA will extend an initiative aimed at fostering economic development in America's rural areas by making it easier for smaller community banks and credit unions to use SBA loan products to finance small businesses.

Small/Rural Lender Advantage is part of the agency's 7(a) loan program and encourages smaller and/or rural lenders (lenders making 20 or fewer SBA loans a year) to offer SBA loans by streamlining the SBA's loan application and approval

processes.

SBA will extend the initiative to Region I, which covers all six New England states, on August 1 and expects to expand the initiative nationwide by the end of the fiscal year.

The key features of Small/Rural Lender Advantage include:

- A shorter, simplified application for loans of \$350,000 or less;
- An expedited SBA loan processing time of 3-5 days for routine loans;

- Only limited, key financial documentation is required;
- An SBA guaranty of 85 percent is available for loans of \$150,000 or less; 75 percent if the loan is greater than \$150,000;
- Loan applications may be faxed or e-mailed to SBA;
- A simplified loan eligibility questionnaire is provided to help small or occasional SBA lenders understand SBA's eligibility criteria; and SBA provides specialized assistance to small/rural lenders on complex eligibility issues.



## PATRIOT EXPRESS

In just under a year's time, the SBA's Patriot Express Pilot Loan Initiative approved more than \$150 million in loan guarantees to nearly 1,500 veterans and their spouses who are using the SBA-guaranteed funds to establish and expand their small businesses.

Patriot Express, launched last June 28, builds on the more than \$1 billion in loans SBA guarantees annually for veteran-owned businesses, and the counseling assistance and procurement support it provides each year to more than 100,000 veterans, service-disabled veterans and reserve members.

The Patriot Express loan can be used for most business purposes, including start-up, expansion, equipment purchases, working capital, inventory or business-occupied real estate purchases and energy efficiency projects.

Patriot Express loans feature SBA's lowest interest rates for business loans, generally 2.25 percent to 4.75 percent over prime depending upon the size and maturity of the loan. Patriot Express loans generally range from \$5,000 to \$500,000 in individual loan amounts. The average loan amount is almost \$103,000. Nearly 15

percent of those loans have gone to military spouses. After loan applications are approved by the bank, they are submitted to SBA for approval. Most applications are approved by SBA within 24 hours.

The SBA and its Office of Veterans Business Development (OVBD) provide comprehensive assistance, outreach and support to veterans. Each year the SBA assists more than 100,000 veterans, service-disabled veterans and Reserve Component members. Go to [www.sba.gov/vets](http://www.sba.gov/vets).

## Environmental:

Key Changes to Environmental Policies and Procedures contained in appendix to SOP 50-10 5

- Definitions
- Standardized Reliance Letter
- List of NAICS Codes of Environmentally Sensitive Conditions
- Gas Station Requirements
- New Indemnification Agreement

## NEW SBA REVISED LOAN PROCESSING SOP 50-10

### Q. What's new in the new 50 10?

A. There are no major policy changes in this version of the SOP, as SBA has continued to update the existing 50-10 by periodically publishing new policy notices over the past few years, but this version includes some minor modifications to existing policies. A list of specific changes can be found on the web site listed below.

### Q. When will the new SOP be posted on SBA's web site?

A. It was posted on March 19th , 2008, at <http://www.sba.gov/tools/resourcelibrary/sops>, but it will not take effect until August 1st, 2008.

### Q. How can lenders or development companies contact SBA with issues or questions?

A. Lenders and development companies can contact the local lender relations specialist, Helen Brimigion, in her office in Maine at 207-622-8394, or send an e-mail to her at [helen.brimigion@sba.gov](mailto:helen.brimigion@sba.gov).

## LOAN LIQUIDATION SOP 50-51 CALL FOR COMMENTS

As a continuation of the SOP 50-10 modernization project, SBA is pleased to announce the launch of a follow-up initiative to modernize the main loan liquidation/recovery Standard Operating Procedure: SOP 50-51.

Like the previous edition of SOP 50-10, the existing edition of SOP 50-51 is difficult to use and needs to better reflect current practices. SBA expects to produce a modernized SOP 50-51 that is concise and more easily used by lenders and SBA personnel. Another result of the project will be to have SOP-related material

(such as FAQs on specific topics) available on SBA's website. The goal is to remove all disaster policy and procedures for servicing and liquidation from SOP 50-51 (and SOP 50-50) for inclusion in an expanded SOP 50-52 that will contain all disaster servicing and liquidation instructions.

Accordingly, the new SOP 50-51 will be comprised of two main stand-alone sections for 7(a) and 504 liquidation/recovery matters. As part of Phase 1 of the SOP 50-51 modernization project, SBA is seeking specific, written feedback from a range

of users on how SBA should modernize and improve the SOP (and SOP 50-52 for disaster servicing and liquidation issues). Feedback may include suggestions regarding the document's structure, the types and amounts of information required for the SOP 50-51, information that could be included in other materials (e.g., FAQs), and use of technology. **Comments should be sent to the following mailbox:** [SOP5051@sba.gov](mailto:SOP5051@sba.gov) This is an important project and SBA looks forward to working with you to make a new liquidation SOP a reality in early 2009.

## SBA LOAN PURCHASE UPDATE

There's good news from the National Guaranty Purchase Center in Herndon, Virginia—they now report a **25 day turnaround and 90% package completion rate** for guaranteed purchase packages. The 25 day turnaround is a noted improvement from the 280 day turnaround a year ago. Lenders have helped to lower the turnaround time by sending completed guaranteed purchase package requests. This year 90% of the packages sent in were complete, compared to only 20% last year.

### Top 5 reasons why Guaranty Purchase Packages cannot be processed:

1. Inaccurate or incomplete "transcript of accounts"
2. Settlement Sheets (SBA form 1050) missing or not provided
3. Inadequate documentation to support "use of proceeds" and missing or inadequate evidence of "equity injection"
4. Lack of evidence of IRS verification
5. Lack of "reports on sale of collateral" and lack of "UCC lien searches" to verify proper lien position

## READY TALK TRAINING

The SBA Maine District Office will conduct Web-based lender training as listed below. Training starts at 10:00 a.m. To join us, call 866-740-1260 and log in at [www.readytalk.com](http://www.readytalk.com). The access code for each session is 3017201 and these are the topics for the sessions:

Date	Topic	Host
8/8/08	Rural lender advantage	Helen Brimigion
TBA	Environmental Overview	Helen Brimigion/Mark O'Brien
TBA	SBA Express loan purchase	Helen Brimigion
TBA	E-tran	Helen Brimigion

For more information, contact Helen Brimigion, Lender Relations Specialist, at (207) 622-8394 or [helen.brimigion@sba.gov](mailto:helen.brimigion@sba.gov).

## SBA RESPONDS TO THE STIMULUS PACKAGE

SBA has created an online tax savings resource center to help small businesses understand how they can benefit from the 2008 economic stimulus package signed into law by President Bush earlier this year.

The package includes the following tax incentives for businesses: a 50% bonus depreciation allowance on equipment purchased and placed in service in calendar year 2008 and an almost 100% increase in the amount (from \$128,000 to \$250,000) that a business can expense for equipment purchased and placed in the business tax

year beginning in 2008. SBA's new tax savings resource center demonstrates the benefits entrepreneurs can gain from the 2008 economic stimulus package. The center, located on [www.sba.gov/stimulus/](http://www.sba.gov/stimulus/), contains three resources on the package:

**Fact Sheet** The fact sheet provides a clear explanation of the small business tax benefits.

**Depreciation Calculator** This useful tool provides an estimate of the first-year depreciation available under the provisions.

**Online Seminar** This brief tutorial summarizes the tax

benefits and concludes with the depreciation calculator. These resources should help small businesses take advantage of the stimulus package. However, because there are exceptions and additional requirements, small businesses are encouraged to contact their tax advisor to determine exactly how the provisions and implementing tax code of the 2008 economic stimulus package apply to their business. They may also refer to the IRS Web site: <http://www.irs.gov/newsroom/article/0,,id=179227,00.html> for additional information regarding tax changes.

### Notes:

**Lender Portal:** SBA maintains a risk rating system on all participating lenders. Each lending institution should have one employee assigned access to this system. Information regarding the portal data and instructions on requesting a user ID and password can be found at: <http://www.sba.gov/aboutsba/sbaprograms/olo/index.html>

**IRS Contact Information:** SBA Information Notice 5000-1037 provides updates on contact points and telephone numbers for IRS Service Centers for transcript requests. This notice is posted on our lending site at [www.sba.gov/banking](http://www.sba.gov/banking) under Notices, 2008.

**Oil Industry Size Standard Change:** Effective August 21, 2008, the following NAICS size standards will change from dollars to number of employees:

- 454311 Heating Oil Dealers – 50 employees
- 454312 Liquefied Petroleum Gas (Bottled Gas) Dealers – 50 employees

**2008 Canada Trade Mission:** 2008 Gubernatorial Trade Mission to Vancouver and Toronto. Contact MITC for more details or visit website at [www.mitc.com](http://www.mitc.com).

## SBA INTRODUCES TWO NEW ONLINE FINANCE COURSES

The SBA has introduced two new free online finance courses to help small business owners with the basic principles of finance and borrowing.

The new self-paced courses, Finance Primer: Guide to SBA's Loan Guaranty

Programs at <http://app1.sba.gov/sbtn/registration/index.cfm?CourseId=29> and How to Prepare a Loan Package at <http://app1.sba.gov/sbtn/registration/index.cfm?CourseId=28>, walk business owners through steps that

answer questions about what debt financing is, what loan programs are available, what small businesses should know about borrowing money, how to prepare a loan package and how loan requests are reviewed by lenders.

## INS VERIFICATION

Lenders must use the INS G-845 form to verify alien status of an applicant. Lenders located in Maine must submit the request to the following address:

U.S. Citizenship and Immigration Services  
4th Floor, Crystal Plaza VI  
2221 South Clark Street Arlington, VA 22202  
Attn: Immigration Status Verification Unit

# Fiscal 2008 Lender Ranking

(As of June 30, 2008)

	LENDER NAME	GROSS AMOUNT	NUMBER OF LOANS
1	Merrill Merchants Bank	\$3,486,500	47
2	Keybank, National Association	\$8,438,500	32
3	TD Banknorth, National Assoc.	\$3,453,200	24
4	Norway Savings Bank	\$2,161,300	22
5	Superior Financial Group, LLC	\$205,000	20
6	Bangor Savings Bank	\$3,151,800	15
7	Androscoggin Savings Bank	\$1,756,900	15
8	Franklin Savings Bank	\$1,467,100	13
9	Bath Savings Institution	\$1,009,700	12
10	Bank of America, National Assoc.	\$323,000	12
11	Saco & Biddeford Savings Instit.	\$773,000	11
12	Machias Savings Bank	\$2,390,000	9
13	Camden National Bank (Union Trust Co)	\$1,313,300	9
14	Kennebunk Savings Bank	\$520,000	6
15	Bar Harbor Bank & Trust	\$467,000	6
16	Katahdin Trust Co.	\$700,500	5
17	Capital One Bank	\$160,000	5
18	PNC Bank, National Association	\$525,000	4
19	Rivergreen Bank	\$490,000	4
20	Maine Bank & Trust Company	\$241,500	4
21	Wells Fargo Bank	\$611,600	3
22	Centrix Bank & Trust	\$145,000	3
23	Norstate FCU	\$121,000	3
24	Capital One, National Association	\$120,000	3
25	RSB Citizens, National Association	\$52,000	3
26	Unity Bank	\$1,725,000	2
27	Biddeford Savings Bank	\$250,000	2
28	Northway Bank	\$100,000	2
29	Northeast Bank	\$95,000	2
30	UPS Capital Business Credit	\$557,000	1
31	Bath Savings Trust Company	\$453,400	1
32	Savings Bank of Maine	\$406,500	1
33	CIT Small Business Lending Corp.	\$322,000	1
34	Everett Co-Operative Bank	\$300,000	1
35	Home Loan Investment Bank	\$180,000	1
36	Ocean Bank	\$71,100	1
	<b>TOTAL</b>	<b>\$38,542,900</b>	<b>305</b>

U.S. Small Business Administration  
 Maine District Office  
 Edmund S. Muskie Federal Building, Room 512  
 68 Sewall Street  
 Augusta, ME 04330  
 (207) 622-8274  
 (207) 622-8277 fax  
[www.sba.gov/me](http://www.sba.gov/me)  
 Editor: Marilyn Geroux  
[marilyn.geroux@sba.gov](mailto:marilyn.geroux@sba.gov)

This newsletter is published quarterly. To sign up for email notification of each new edition of *Maine Lender News*, go to:

1. <http://web.sba.gov/list>
2. Click the **Maine Lender News Newsletter** box
3. Scroll to the bottom of the page
4. Type in your email address
5. Click Subscribe